

SPEAKER NOTES FOR THE HONOURABLE MXOLISA SOKATSHA ON THE OCCASION OF THE LAUNCH OF THE NORTHERN CAPE RAPID INCUBATOR IN DE AAR

28 November 2016

Programme Director

Honourable Members of the Executive Councils MEC's

Honourable Mayors and Councillors

Distinguished guests of the TVET Colleges, Department of Small Business Development, SEDA, the Department of Trade and Industry and the Department of Roads and Public Works

Members of the media

Ndiyanibulisa nonke

Molweni, dumelang, goeie môre, good morning.

Programme Director, allow me to paint a picture that expresses the support for the facility which we are launching today. During the apartheid era, exclusion was based on race and class. The fight of the African National Congress (ANC) was against the Oppressor and the struggle was devoted to eradicate inequality which gave rise to a socio-economic divide reserving qualifications, skills and the economic benefits for whites. The effects of Dr. Hendrik Verwoerds' ideology left the post 1994 South Africa with a continuous trend of a high unemployment rate amongst black South Africans and youth in particular. Government is moving towards a higher trajectory in fighting poverty, unemployment and inequality while simultaneously maintaining investment and growth. Today, the opening of the Northern Cape Rapid Incubator Centre is another of its initiatives to capacitate youth and to assist youth entrepreneurs in overcoming the socio-economic challenges caused by our historic past.

Policy front

A landmark in policy development for South Africa's economy was the development of the *White Paper on The National Strategy for the Development and Promotion of*

Small Business in South Africa, which provided a focused direction for supporting small business enterprises in South Africa. From 1995 The National Government began to roll out a set of policy initiatives and institutions which were targeted to support the SMME economy based on international 'best practices. Today we see a well-developed ecosystem in the country enabling us to have instruments for translating science into commercial entities. The core of the political and economic transformation of any country in transition is the creation of the private sector, the development of an entrepreneurship culture and the creation of sustainable small and medium –sized and cooperative enterprises.

Ladies and Gentlemen, the *National Development Plan (NDP)* affirms that Small Medium Micro Enterprises (SMMEs) and Cooperatives provides hope for South Africa's economic growth and job creation. South Africa is not the only country that has recognised the importance of the role of SMMEs in economic development. Both developed and under-developed countries regard SMMEs as an engine to economic development due to their ability to contribute to economic wealth and employment creation. In the African continent, SMMEs are viewed by governments as a solution to poverty alleviation. Finscope survey (FinMark Trust 2006) indicates that 90% of jobs created between 1998 and 2005 came from SMMEs. Having said that it also important to mention that SMMEs are faced with greater challenges such as responding to internationalisation of markets and in their pursuit of global competitiveness they face obstacles such as lack of finance, low productivity, difficulties in the acquisition and exploitation of appropriate technology and inadequate business skills. Due to these challenges we see high mortality rate of SMMEs, with research indicating that 8 out of 10 SMMEs fail in their first year of operation. Given their sheer numbers and propensity to fail, it is critical to have interventions that seek to ensure that SMMEs are self-sustaining. These challenges then necessitate government to continuously develop instruments and mechanism that ensures that South Africa develops and support a thriving and sustainable SMME sector.

Youth focus

Youth-targeted interventions are needed to enable young South Africans to actively participate and engage in society and the South African economy. The

marginalisation of young people is primarily manifested in high youth unemployment. In a job-scarce environment, joining the world of work is particularly difficult for young people, but this not just a problem for South Africa only. In 2013 the International Labour Organisation (ILO) estimated that, at a global level, 73.4 million young people who want to work and are actively looking for employment cannot find one. About one out of every two young people (52.9 percent) is unemployed or a discouraged work-seeker, and not enrolled at an educational institution (ILO 2013). The same ILO report states that the world is facing a worsening youth employment crisis, where young people are three times more likely to be unemployed than adults.

Programme Director, Support for Small, Medium and Micro Enterprises (SMMEs) and Cooperatives has been identified as a critical means to addressing issues of poverty, unemployment and inequality that persists in South Africa. National government strategy and policy documents, such as the *New Growth Path*, the *National Development Plan* and the *Industrial Policy Action Plan*, place significant importance on the SMME sector to create wealth that will deliver much needed jobs. The central importance that has been placed on the SMME sector to deliver on this has resulted in the creation of a ministry solely dedicated to supporting and growing the sector, namely the Department of Small Business Development. It is governments' plan to create a "radically" transformed economy through effective development and increased participation of SMMEs and co-operatives in the mainstream economy.

To assist in realising this plan the SEDA Incubation Programme has been directly responsible for supporting aspirant entrepreneurs and establishing new companies since 2006. Ladies and Gentlemen, I am honoured to launch the **Northern Cape Rapid Incubator**. Incubators globally is seen by government as both a powerful tool for supporting SMME growth and a variety of socio economic needs such as Job creation, technology transfer, reviving economic activities at local and regional level, poverty alleviation and economic integration of previously disadvantaged groups.

Integrated Centre for Entrepreneurship and Rapid Incubator

Programme director ladies and gentlemen please allow me to quickly provide you with a snap shot of the Centre of Entrepreneurship as a core element of today's launch.

Centres for Entrepreneurship are dedicated to promoting entrepreneurship, venture-creation, and economic development through Universities and TVETs. It achieves these objectives through its extensive research, teaching, and service activities and drives the creation of early stage youth-owned enterprises both in the universities or colleges and provides a support platform to existing businesses outside the university or college establishment and its surrounding catchment.

Ladies and gentlemen, the underpinning success of this new generation CFE Rapid Incubator model is its close alignment with **Visual Arts and Design** envisaged to stimulate creative thinking and idea pitching and polishing and a **dedicated seed fund** for viable ideas / business models with sound market traction. Today we are launching the first phase of the project; it will be followed by a fully commissioned technical centre with state of the art equipment. A total of 24 youth entrepreneurs (15 - women, 9 - male and 15 - youth) are the first in line to undergo training. I am led to believe that they will be introduced to us. During this National Disability Rights Awareness Month, I challenge all stakeholders involved in the Northern Cape Rapid Incubator to target youth who are differently abled. People with disabilities are easily overlooked, or discriminated against thus remaining at the lower end of economic development.

Conclusion

Programme Director. Allow me to conclude, I would like to congratulate Northern Cape Rural TVET College for this achievement and would like to thank all the partners, this wouldn't be possible without the following strategic partners:

- Department of Small Business Development (DSBD)
- Departments of Trade and Industry (DTI)
- Department of Higher Education and Training (DHET)
- Small Enterprise Development Agency (Seda)
- Northern Cape Department of Roads and Public Works (NCDRPW)

The province and South Africa at large needs more of these cross-departmental partnerships making economic freedom a reality for the poor and the previously marginalized. These cross-departmental partnerships demonstrate the strength and versatility of government in harnessing collaborative working relationships. Fellow citizens it is true: Working together we can achieve more.

I thank you